

**San Diego Charter Review Committee
Financial Reform Subcommittee
Minority Report**

Date: September 4, 2007

Composed by: John A. Gordon

The Financial Reform Sub-Committee voted to approve a motion last week, whereby the San Diego City Auditor would be appointed by the Mayor, in consultation with the Audit Committee and confirmed by the City Council. To us, the operative words were "appointed by the Mayor". We voted against that proposal, via a 3-2 vote. We much preferred no Mayoral role in the selection, most optimally by direct election by the voters.

We were given a background brief by the Association of Local Government Auditor's (ALGA) National Advocacy Team that laid out independence from management as a prime perquisite for auditor selection. It is just common sense that you can't have a truly independent auditor hired by the Executive Branch, which properly should be under primary scrutiny.

We note that both California Code and Government Auditing Standards require independence in auditing. The ALGA noted that independence can be achieved by Council appointment or voter selection, and the Comptroller General's Independence Standard requires the auditor "...should be free both in fact and appearance from personal, external and organizational impairments" (January 2002).

Finally, we note that the mayoral appointment clause is not consistent with the Kroll Report's Recommendations. The City of San Diego remains under a stipulated SEC Consent Decree, and a corrective action plan, to remedy prior wrongdoing. We must rebuild trust with the regulatory agencies, the financial community, and the public, and we insist on auditor independence.

Signed, Lei-Chala Wilson
Signed, John A. Gordon